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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

AMPAL-AMERICAN ISRAEL CORPORATION,

Chapter 7

Case No. 12-13689 (SMB)

Debtor.

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TRUSTEE'S THIRD STATUS REPORT

This status report is being filed with the Court to advise the creditors, equity holders and other interested parties of Ampal-American Israel Corporation ("Ampal") of a significant event which has recently occurred in this Chapter 7 Bankruptcy Case.

1. In the Trustee's First Status Report filed on December 11, 2015, I described the various arbitration proceedings that were pending based upon the claims of Ampal resulting from its indirect 12.5% interest in East Mediterranean Gas Company, S.A.E., an Egyptian joint stock company ("EMG") [ECF Doc. No. 633].

2. That report also described an arbitration award issued by the International Chamber of Commerce on December 4, 2015 in which EMG was awarded \$324,000,000 including pre-judgment interest against the Egyptian General Petroleum Company and the Egyptian Natural Gas Holding Company ("EGPC/EGAS").

3. On February 21, 2017, the World Bank's International Centre for Settlement of Investment Disputes ("ICSID") issued a decision on liability and heads of loss. A copy of the

ICSID decision is attached to this report. The ICSID Tribunal found that, to the extent relevant to the claims before it, EGPC/EGAS's conduct is attributable to the Arab Republic of Egypt ("Egypt"). The ICSID Tribunal further ruled that Egypt was liable to the claimants, including Ampal, for:

- a. Revoking EMG's tax license, and thereby unlawfully expropriating the claimants' property interest in that tax license.
- b. Failing to protect the Trans-Sinai pipeline, and thereby breaching the standard of full protection and security under the applicable investment treaty.
- c. Wrongfully terminating the Gas Purchase and Supply Agreement ("GSPA"), and thereby unlawfully expropriating the claimants' investment in EMG.

4. The ICSID Tribunal limited its decision to the issue of liability and reserved decision as to damages and costs for a further phase to determine the quantum of damages. While we cannot predict what the actual damage award will be at this time, the total amounts sought by Ampal on the claims that the ICSID tribunal found in its favor were \$174,600,000, excluding interest and costs.

5. This award represents the second time an international tribunal has found that Egypt and/or its instrumentalities (i.e., EGPC/EGAS) wrongfully repudiated their agreements with EMG, including the GSPA, and failed to protect the EMG pipeline.

6. The Trustee intends to issue further reports once the ICSID Tribunal issues its decision on the quantum of damages as well as when an award is issued in any of the other arbitrations in which Ampal has an interest.

Dated: New York, New York
February 28, 2017

By: s/ Alex Spizz
Alex Spizz, Esq.
Chapter 7 Trustee of
Ampal-American Israel Corporation